

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

SANDRA D. KENNEDY
COMMISSIONER
Direct Line: (602) 542-3625
Fax: (602) 542-3669
E-mail: skennedy@azcc.gov

January 20, 2011

Arizona Corporation Commission
Docket Control
(E-04204A-09-0206)

**RE: DISSENT
UNS ELECTRIC, INC.
E-04204A-09-0206**

I am entering into the docket this letter explaining my Nay vote on the January 11, 2011 Open Meeting.

My primary reason for voting against the Commission's action that modified Decision No. 71914 of September 30, 2010, is the removal of compromise language as it relates to ***Free Line Extensions***.

As stated in Decision No. 71914, I remain concerned about the rate impacts associated with growth. Equally, I believe a policy that allows ***free line extension*** footage may likely result in future rate increases that will be paid by all UNSE's customers, regardless where they reside in the service territory. In addition, I was not thoroughly convinced that the manner in which the Commission decided in 2007 to treat ***free line extension***, led to the collapse of the housing or construction market. I am somewhat offended when proponents of ***free line extensions*** use the 2007 Commission's action as the reason for the economy decline. As we all know there were many factors and parties that led to the collapse. To assign blame on a single entity's action is disingenuous.

During the September 2010 Open Meeting, my colleagues and I supported an amendment that sought a balance and compromise to previous decisions on line extensions. Now with this decision, the Commission has overturned that sought after balance and compromise by a 3 to 2 vote.

I continue to believe that allowing ***free line extensions*** will ultimately increase a company's rate base that will eventually lead to increased rates for all ratepayers, for nothing is free of cost. While I understand that UNS Electric, Inc. ("UNSE") believes in the near future that the increased rates may be minimal, the effects remain to be seen.

Before interested parties assign motive or intent on my No vote, let me state that I have not dismissed nor am I opposed to the idea of revisiting the policy of eliminating ***free line***

extensions. In fact, the Commission had been conducting a series of statewide workshops on Line Extensions. My expectations were that instead of deciding policy in a piecemeal approach, all the Commissioners would have the opportunity to discuss, debate and make additional recommendations before changing or modifying the way the Commission deals with *free footage*. In addition, I was particularly interested in reviewing the workshops' recommendations, especially on a policy that may treat differently rural customers than those living in urban areas; and interested in a discussion if there should be a variance in policy for an individual who wants to build their "dream home" as oppose to big developers. Unfortunately, neither I nor other Commissioners have had the benefits of reviewing a *Line Extension Workshop report* prior to our revisiting the UNSE decision. I am troubled to think we are treating UNSE and its ratepayers differently from certain other utilities who offer no *free line extension*.

Perhaps most troubling to me is how the process was handled, and the fact that Decision No. 71914 with the compromise amended line extension provision received a unanimous vote. I did not see the need nor believe that there was any new information presented at our January Open Meeting that would have led me to reverse our unanimous decision from September 2010. I am also not convinced that the recent reversal on *free footage for line extensions* will deter potential legislation that would attempt to impede upon our constitutional authority. Therefore, I opposed the recent action to modify the UNSE Decision No. 71914, and I dissent from the decision.

Sandra D. Kennedy
Corporation Commissioner

COMMISSIONERS
GARY PIERCE – Chairman
BOB STURMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

SANDRA D. KENNEDY
COMMISSIONER
Direct Line: (602) 542-3625
Fax: (602) 542-3669
E-mail: skennedy@azcc.gov

OPEN MEETING - 2/2/2011

COMMISSIONER SANDRA D. KENNEDY'S SOLAR RESERVE EXPLANATION OF
VOTE. **SOLARRESERVE LLC – L-00000RR-10-428-00155 and L-00000RR-10-429-00156**

MR. CHAIRMAN,

I WOULD LIKE TO EXPLAIN MY VOTE:

I AM EXCITED ABOUT THIS PROJECT. I BELIEVE THIS NEW TECHNOLOGY WILL
BE VERY BENEFICIAL AS WE CONTINUE TO MAKE ARIZONA THE SOLAR CAPITAL.

I LIKE THE FACT THAT THE DEVELOPERS OF THIS PROJECT WILL SEEK TO SELL
THEIR SOLAR POWER WITHIN ARIZONA. WHICH I BELIEVE IS A TESTAMENT TO
OUR RENEWABLE ENERGY STANDARD.

I HOPE THAT ARIZONA UTILITIES TAKE A SERIOUS LOOK AND CONSIDER THIS
PROJECT ONCE IT IS COMPLETED,

I KNOW PEOPLE LIKE TO SAY THAT OUR JOB HERE AT THE COMMISSION IS NOT
THAT OF ECONOMIC DEVELOPMENT OR FINDING WAYS TO REDUCE OUR HIGH
UNEMPLOYMENT RATE.

NEVERTHELESS, IT WAS CLEAR FROM THE TRANSCRIPTS AND PUBLIC
COMMENTS THAT THE FOLKS IN GILA BEND CLEARLY BELIEVE THERE IS GOING
TO BE A HUGE ECONOMIC BENEFIT TO THEIR REGION.

I AM COUNTING ON THE DEVELOPER TO CONTINUE TO SEE THE BENEFIT OF
HIRING LOCALLY.

I ENCOURAGE THE LINE SITING COMMITTEE TO CONTINUE TO ASK FUTURE
DEVELOPERS ABOUT THEIR PLANS TO UTILIZE THE LOCAL LABOR MARKET AND
PURCHASING OF ARIZONA GOODS AND MATERIALS.

FINALLY, I WOULD LIKE TO SEE THE BUILDING TRADES, THE ARIZONA BUILDERS
ASSOCIATION AND THE ASSOCIATION OF GENERAL CONTRACTORS WORK
TOGETHER OR AT LEAST ENTER INTO A DIALOGUE, BECAUSE I BELIEVE THAT
ONCE YOU ALL GET PAST POLITICS, YOU WILL PROBABLY FIND YOU HAVE SO
MUCH MORE IN COMMON, WHICH CAN ONLY SERVE AS A BENEFIT TO OUR
STATE. WE ARE ALL IN THIS TOGETHER

I VOTE AYE.